Twitter Thread by Matthew Ball



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1/ Since Dec, $TWTR stock has grown 50% above all-time highs. Lots has been said about Twitter's product upside, ability to capture more of the value it creates (see @Post_Market @juliey4 @modestproposal1). I want to talk about the biggest bull thesis I see: cultural determinism

2/ I'm a huge believer in cultural determinism (see Nintendo essay) - who a company is/been trained 'to be' in turn decides who a company 'will' or 'can' be.

CD is distinct from whether a culture is good, employees talented, committed to change, etc.
https://t.co/bUHuLiZuKT

3/ By the early 2010s, Twitter began to solidify cultural premises: it was focused on building up ad revenues rather than maximizing reach or users/its network, building a self-contained ecosystem, and in my view, a misplaced obsession with "live"

4/ This contrasted with competitors focused on network growth (FB), product enhancements (Snap), total creators (YT, Unity). Instead, Twitter throttled APIs and 3P devs, ignored opportunity to be a standard protocol for internet comms (h/t @AVC in 2016)
https://t.co/wGSjn4XKUH

5/ How did we see this? Lots of externally focused product investments – e.g. SeeIt TV Everywhere authentication experience w/ Comcast, helping TV networks integrate Tweets into live TV, allowing advertisers to buy Twitter adds… through Google AdWords!
https://t.co/goImtYg2ls

6/ This was during a time in which product innovation for Twitter users were modest-to-null. In 2017, Twitter said usernames would no longer count in Tweet counts…. They still do. It took Twitter seven years to add stories ("Fleets")
https://t.co/WRQVWWeoLJ

> Oct 2013: Snapchat launches Stories
> Aug 2016: Instagram copies it
> Feb 2017: WhatsApp copies it

> Mar 2017: Messenger copies it
> Nov 2018: YouTube copies it
> Sep 2020: LinkedIn copies it
> Nov 2020: Twitter copies it
>
> Wild how closely this matches each company's reputation for shipping.
>
> — Alec Stapp (@AlecStapp) November 17, 2020

7/ Touted “top secret” Project Lightning was just a rather haphazard editorial curation of tweets + trending topics on a the “Explore” tab (like all social apps).

i.e. Twitter focused on tweet exposure, not better Tweets (UGC "moments" never took off)
https://t.co/70i0vQKv64

8/ Obsession with live seemed most misleading. I’m a big believer in live, it's a big differentiator, + Twitter is fascinating/superb when something important is happening in real time (e.g. storming of the Capitol)

Real value, though, is in follow graph + frictionless sharing

9/ But Twitter is rarely “live”. It’s recent-ish or whenever.

Best tweets, shares, ideas tend not to be live. Most of your feed could have been shared 10 mins/hours later.

Core idea of QT/RT is… non-live sharing!

Very little is actually *real-time* (+not synchronous anyway)

10/ Fact Twitter rolled out an algo feed default shows this.

Stories + TikToks are some of the biggest social innovations of the past decade, neither are really live (they’re as live as most Tweets).

And of course, most efforts here (e.g. Periscope, Facebook Live) didn’t work

11/ Twitter’s philosphical obsession with ‘live’ explains focus on Live TV + many missed opportunities - RSS reader, publishing platform, protocol (don’t need to be a protocol if you’re ‘the’ destination after all), Stories, underlying product changes like longer tweets/edits

12/ Just look at ‘how much’ Twitter invested in live video, too. How many of these actually led to major events on Twitter? And did they need to be broadcast on Twitter to be big on Twitter?

Note these focused, again, not on user/creators, but ad revenues + external partners

Twitter announced a number of new and expanded partnerships for its streaming video services at the event, including Bloomberg, BuzzFeed, Cheddar (*Opening Bell* and *Closing Bell* shows; the latter was introduced in October 2016) IMG Fashion (coverage of fashion events), Live Nation Entertainment (streaming concert events), Major League Baseball (weekly online game stream, plus a weekly program with live look-ins and coverage of trending stories), MTV and BET (red carpet coverage for their MTV Video Music Awards, MTV Movie & TV Awards, and BET Awards), NFL Network (the Monday-Thursday news program *NFL Blitz Live*, and Sunday *Fantasy Gameday*),[225][226] the PGA Tour (*PGA Tour Live* coverage of early tournament rounds preceding television coverage),[227] *The Players' Tribune*, Ben Silverman and Howard T. Owens' Propagate (daily entertainment show *#WhatsHappening*), *The Verge* (weekly technology show *Circuit Breaker: The Verge's Gadget Show*), Stadium (a new digital sports network being formed by Silver Chalice and Sinclair Broadcast Group)[228][229][230] and the WNBA (weekly game).[224]

13/ Consider how truly terrible search is on Twitter. Let alone DM search.

Makes sense if you think these old, asynchronous messages are low value, not your core .

Took forever to build a Tweetstorm function. How could long, pre-thought (i.e. not live) threads be a priority?

14/ Connects to (non-live) Vine. Vine is fascinating given it shutdown right as TikTok was starting to take off (and it is now far more valuable than Twitter). But crucially, Twitter reportedly pulled the plug after top talent wanted <$30MM a year to stay https://t.co/ZNl0lrrNTN

15/ This wasn't a unique POV in the mid-2010s: platforms believed their job was to enable creators to make money, not to actually to pay them, or build products specifically to help them make money

This was very wrong (h/t @turnernovak)



16/ @Benthompson talks about the famous “Bill Gates Line”: A platform is when the economic value of everybody that uses it, exceeds the value of the company that creates it. Then it’s a platform.”

17/ For years, $Fintwit joked that Twitter is the best example or a platform (and therefore the worst business) because the value it creates is so, so, so enormously above what it captures. And it’s growing. Reason why @DanielSLoeb1 @plaffont and SAC joined Twitter last 6 months

18/ Anyway, this returns to cultural determinism. I see a lot of evidence of fundamental, cultural beliefs changing in Twitter. This doesn’t change the options available to them, but changes their ability to realize them. Massively.

It takes time to do this - years.

19/ For example, Twitter Spaces are launching MUCH faster (if still too slowly) than Fleets did (Clubhouse:Snapchat). Jack is talking openly about the desire to be a protocol, to invest in decentralized communication solutions https://t.co/gD5a6A7JeZ

> twitter was so open early on that many saw its potential to be a decentralized internet standard, like SMTP (email protocol). For a variety of reasons, all reasonable at the time, we took a different path and increasingly centralized Twitter. But a lot\u2019s changed over the years\u2026
>
> — jack (@jack) December 11, 2019

20/ Many new products are not live: Revue newsletter, Fleets, even Spaces, which are live rarely *about* live, they’re ambient hangouts – more like dropping by a ‘clubhouse’ than tuning into a press conference.

21/ Most importantly, Twitter is embracing subscription/user fees rather than just advertising (e.g. paying for a newsletter, tipping an account, private access to a Space). I can’t highlight the value here enough – advertising is less than half of media revenues, and declining

22/ Twitter focusing on helping creators, thought leaders, influencers, entertainers all to create, memorialize, and build high revenue business on Twitter... is actually a huge shift.

Both because it raises the platform value Twitter creates, AND it's capture

23/ This tweetstorm doesn't have a model, doesn't have a product forecast, nor a price target. Those are important, but not my lane.

I also think they're far less important than cultural determinism - the underlying, most important, and hardest to change variable in the above

24/ In sum, I'm long $TWTR.

The theses of what Twitter can be, could be, and should capture hasn't changed. I think what the *company * can be and wants to be has.